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SUBCOMMITTEE ON  
CONSERVATION, CREDIT, ENERGY AND RESEARCH

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-0518**

April 10, 2009

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Ambassador Ron Kirk  
United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

Dear Ambassador Kirk:

As you have heard, the nation's dairy farmers are facing serious financial trouble. Farm milk prices have fallen by nearly half since last summer. Dairy farmers are losing as much as \$150 per cow per month since the beginning of the year. This is the time when all of the tools available to the federal government to help stabilize a critical U.S. industry should be employed. In this case, specifically, we are asking that you sign off on full and immediate implementation of the Dairy Export Incentive Program (DEIP).

U.S. dairy farmers are reeling from factors beyond their control.

While domestic demand remains relatively strong even in this economic downturn, our export markets have declined by as much as 40% in just a few months. Those losses have come through no fault of U.S. dairy farmers. The worldwide financial slowdown is a factor beyond their control. Loss of confidence in the safety of dairy products due to a contamination scandal in the largest potential market in the world is a factor beyond their control. The economic gyrations caused in part by our nation's energy policies are also negatively impacting the profitability of dairy farmers.

DEIP is fully trade legal.

The DEIP was negotiated in international trade agreements to help U.S. dairy farmers develop overseas markets. It is fully WTO-legal. It has been authorized and funded by the Congress since 1985 but has gone unused since early 2004.

You may not be aware that just after international dairy prices started to collapse last fall, the EU reinstated their dairy export bonus program. Yet our answer to that program, the one negotiated in trade agreements and authorized and funded by the Congress, the DEIP, remains unused.

DEIP is a bargain for taxpayers.

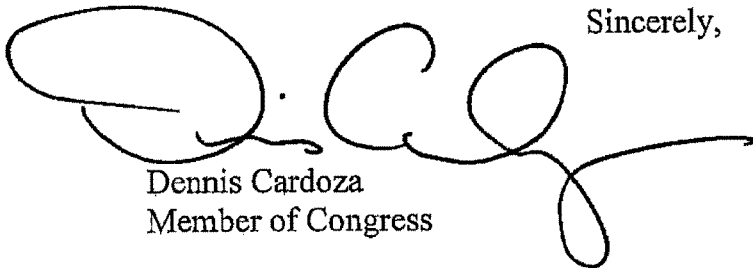
Using the DEIP to support dairy markets would be a less costly alternative for taxpayers than using the CCC to purchase butter and milk powder. Nonfat milk powder costs the CCC \$0.80/lb to purchase while a \$0.10/lb DEIP bonus could export the product. Butter costs the CCC \$1.05/lb when a \$0.25/lb DEIP bonus could export it.

Several Members of the House Agriculture Committee made the request to implement the DEIP 60 days ago. At that time we received a commitment from Agriculture Secretary Tom Vilsack that the DEIP would be implemented for the first time in several years.

Time is running out.

The DEIP fiscal year runs from July 1<sup>st</sup> through June 30<sup>th</sup>. DEIP funding that goes unused by June 30<sup>th</sup> is lost. Current fiscal year funding used now and new funding used soon after July 1<sup>st</sup> could have a dramatic impact on stabilizing the market for U.S. dairy farmers. We urge you not to allow the clock to run out on the opportunity that is available now.

Mr. Ambassador, it is time to keep the commitment our government has made to its dairy farmers. We request that you work with Secretary Vilsack to immediately DEIP.

A large, stylized handwritten signature in black ink, consisting of several loops and a long trailing line.

Dennis Cardoza  
Member of Congress

Sincerely,

A handwritten signature in black ink, appearing to be 'Jim Costa' with a stylized flourish.

Jim Costa  
Member of Congress